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# JPRS Report

# Telecommunications

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# TELECOMMUNICATIONS

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AIR COMMUNICATIONS IMPROVEMENTS; EQUIPMENT, FREQUENCIES

Accra PEOPLE'S DAILY GRAPHIC in English 22 May 87 p 1

[Article by Zenobia Beecham]

[Text]

**THE Communication Section of the Ghana Airways Corporation is to upgrade its communication sys tem with a one kilowatt High Frequency Single Side Band transmitter.**

This is to provide a world-wide communication network with all the corporation's aircrafts.

This was disclosed by the Controller of the Section, Mr Gilbert Williams Baffoe, during a tour of some departments of the Corporation, by the Planning Commitee of the World Telecommunications Day, in connection with its 19th anniversary celebrations.

Mr Williams Baffoe commended the Posts and Telecommunications Corporation (P & T) for the efficient way it has maintained the Satellite Earth Station.

He graded the efficiency at 90 per cent and said on the very rare occasions when the Satellite developed trouble, it did not last for more than 24 hours.

The corporation is linked to the computer through Ultra High Frequency Microwave through the Satellite. Poor operations of the Satellite Earth Station, therefore would heavily affect the corporation, he said.

The Planning Committee also visited the Catering Division of the corporation. The Catering Controller, Mr D. W. Atsu commenting on the sale of disposable Ghana Airways plates and cups on the market, said the situation greatly embarrasses the corporation.

He explained that, these disposables are emptied into refuse sacks and people who go through these sacks after they have been emptied, send them to the market for sale.

On food served or flights, Mr Atsu said, International Hygiene Inspectors have commended the quality.

/9274
CSO: 3400/957

# TELESAT PRESIDENT REJECTS CRTC CALL FOR HEARINGS

Toronto THE GLOBE AND MAIL in English 29 May 87 p B8

[Article by Lawrence Surtees]

[Text]

OTTAWA

Eldon Thompson, president of Telesat Canada, has rejected as "unnecessary" a call for hearings to clarify his company's role.

He was reacting to a statement made Wednesday by André Bureau, chairman of the Canadian Radio-Television and Telecommunications Commission, following a speech at the Telesat-sponsored Canadian Satellite Users Conference.

Mr. Bureau said the CRTC is hindered in its ability to regulate Telesat because the company's role is unclear and because of what he called "a fantastic revolution in the use of satellites in the past five years."

Telesat is the sole operator of domestic communications satellites. It is jointly owned by the federal Government and the domestic telecommunications carriers.

Changes in the company's business dealings and the convergence of broadcasting and telecommunications technology are two forces that have altered its role, Mr. Bureau said.

"The commission is experiencing difficulty in conducting proceedings dealing with Telesat because a number of policy-related issues outside its regulatory ambit seem to require further resolution," he said, quoting from a recent CRTC decision.

Mr. Bureau wants Ottawa to clarify the role Telesat should play in the communications industry and to examine the company's role in Canadian sovereignty, industrial development and security.

In making his plea, Mr. Bureau said he is prepared to hold such an inquiry if asked by the federal communications minister. He also said legislative changes may be necessary.

However, Mr. Thompson said he does not think any hearing is needed. "I wouldn't look forward to endless testimony and debate over matters of policy that have to be shaped by politicians."

Although he agreed that changes to some legislation affecting the company might be useful, he said its role is well defined in the Telesat Canada Act.

Mr. Thompson added he "welcomes the new support within the CRTC for Telesat's changing role and for the need to encourage new services."

(However, in an earlier statement at the opening of the three-day conference, which ended yesterday, he contended that outmoded policies and regulations are still barriers to using domestic communications satellites.)

But the Telesat president welcomed Ottawa's new policy for a proposed mobile satellite system (MSAT), announced at the conference. Federal Communications Minister Flora MacDonald said the regulations will place no limits on the types of services that can be set up using MSAT, slated to start in 1992.

The federal Government will spend $126-million to buy MSAT services and will spend more than $65-million to help develop the satellite needed.

Mr. Thompson had some harsh words for the country's telephone companies who, he said, have impeded development and marketing of Telesat's services to business.

The satellite operator severed its links with the phone-company consortium a year ago, giving up a guaranteed subsidy from the 10 other members of Telecom Canada so that Telesat could market its own services direct to companies.

"That decision is risky, but is leading to solid growth and new services. We think satellite technology is finally coming of age in Canada," he told the more than 600 delegates attending the conference.

Telesat had revenue of $105.3-million in 1986, compared with $101.2-million a year earlier. After payment of a $20-million settlement from Telecom Canada and income taxes, profit was $13.5-million, compared with $10.7-million in 1985. The settlement ends this year.

Telesat has targeted the business market for future growth and is developing new services aimed at ensuring revenue growth of at least 5 per cent annually.

/9274
CSO: 5520/34

# ONTARIO AIR AMBULANCES TO TRY SATELLITE COMMUNICATIONS

Ottawa THE OTTAWA CITIZEN in English 27 May 87 p C11

[Text]

A satellite communications experiment aimed at improving Ontario's air ambulance system was announced jointly Tuesday by the Ontario and federal governments.

The project, to begin next month, involves the federal Department of Communications and the Ontario ministries of transportation and communications, health and government services.

Federal Communications Minister Flora MacDonald said the project is intended to provide voice communications to paramedics in Ontario air ambulances in the province's north.

The project will mean that patient care will improve from the moment patients are brought aboard the aircraft, she added.

The experiment, to be conducted at the federal Communications Research Centre near Ottawa, will involve two satellite terminals and the primary INMARSAT Atlantic Ocean Region Satellite.

INMARSAT, the International Maritime Satellite Organization, is a mobile satellite consortium in which Canada is represented by the federal government's Teleglobe Canada.

The base for the link will be a nine-metre earth station at the research centre and the aircraft terminal will be placed in a Timmins, Ont.-based Cessna jet air ambulance which operates throughout the province.

The two governments hope this service could eventually be carried on Canada's own mobile satellite, MSAT, expected to be launched in 1992.

MacDonald also said Tuesday that the proposed mobile satellite service is going to be regulated by the government, but in a new way.

She said her department will be creating a new policy to govern a $350-million satellite service being developed by Telesat Canada.

To do this, the minister renewed her pledge to introduce new legislation to the House of Commons designed to allow the federal government to dictate policy to the CRTC in some areas.

Former Communications Minister Marcel Masse introduced similar legislation, but it died on the order paper at the end of the last session of Parliament.

"With the passage of this legislation, the government will be able to take a more direct role in shaping the regulatory regime of new services like mobile satellites," MacDonald said in her speech on the opening day of a conference for 550 owners, suppliers and regulators of the satellite industry.

Telesat's mobile system would allow subscribers in remote areas — even those in cars, planes or ships — to hook into the public telephone network using small, inexpensive portable satellite dishes.

/9274
CSO: 5520/34

## BRIEFS

SATELLITES UNDER COMMISSION CONTROL--The Philippine Communications Satellite Corporation has been placed under the control and supervision of the National Telecommunications Commission. President Aquino yesterday signed bill No 196 promulgating this order. The president said all that is required is for proper supervision of all the satellite terminal stations in the country's satellite facilities to make them part of a common carrier. [Text] [Quezon City Radyo ng Bayan in Tagalog 0330 GMT 19 Jun 87 HK] /9738

CSO: 5500/4322

## BRIEFS

GDR-CUBAN COMMUNICATIONS PROTOCOL--A 2-year protocol has been signed in Havana on closer cooperation between GDR and Cuban broadcasting. The document which was signed by Achim Becker, chairman of the State Committee for Radio of the GDR Council of Ministers, and Ismael Gonzalez, president of the Cuban Radio and Television Institute, envisages expansion of programs carrying reports and information about developments in the partner country. In addition, the exchange of narrative and musical programs and radio plays, in particular for youth programs, will be extended. [Text] [East Berlin Domestic Service in German 1000 GMT 29 May 87 DW] /9738

CSO: 5500/3017

## GOAL, PRIORITY OF CONDOR PROJECT OUTLINED

PA172116 Quito Voz de los Andes in Spanish 1130 GMT 15 Jun 87

[Text] Once the Andean System Telecommunication by Satellite Project, dubbed Condor, is completed, it will be of enormous importance in integration because of the great prospects it opens up for tying together the communications systems.

The Andean Subregional Agreement member countries will have a satellite system available for their use in improving their telecommunications. This project is backed by the Association of Government Telecommunication Enterprises of the Andean Sub-regional Agreement, based in Quito, which was founded just after the creation of the Andean Pact.

The government telecommunication organizations of the five member countries that participate in the association are ENTEL [National Telecommunications Enterprise], of Bolivia; TELECOM [National Enterprise for Telecommunications], for Colombia; IETEL [Ecuadorean Telecommunications Institute], of Ecuador; ENTELPERU [National Telecommunications Enterprise of Peru], of Peru; and CANTV [National Telephone Company of Venezuela].

The association's goal is the telecommunications integration of the population that lives in the Andean region. The main priority of the Condor project is the integration of rural areas with overall television coverage and development of intraregional services like telecommunications in each of the Cartagena Agreement countries, according to information reported in its official publication.

/9738
CSO: 5500/2043

## BRIEFS

TRANSCARIBBEAN CABLE.--The Caribbean Operations Centre of Cable and Wirless is hosting a meeting of the Construction and Maintenance Agreement Subgroup of the Transcaribbean Cable System (TCS-1) at the Fort Burt Hotel on 9th and 10th June. Representatives from ten telecommunications carriers will be discussing final details of the Agreement to construct a fibre optic cable from the United States mainland to Colombia, the Dominican Republic, Jamaica, and Puerto Rico. It is hoped the Agreement will be initialled by all the parties in August 1987, and that the cable will be ready for service by 1990. The BVI and the Eastern Caribbean islands will be linked to the cable by new digital microwave systems. TCS-1 will have an ultimate capacity of almost 40,000 telephone circuits between Puerto Rico and the USA. The cable is intended to replace the older analogue cables which at present carry BVI telephone calls to the USA, and also to cater for the unexpected growth of telecommunications requirements beyond year 2000. [Text] [Road Town THE ISLAND SUN in English 10 Jun 87 p 4] /9274

CSO: 5540/111

## GOVERNMENT TO GRANT LICENSE FOR CABLE TV SYSTEM

Hamilton THE ROYAL GAZETTE in English 29 May 87 p 15

[Text]

Government has indicated it will grant Bermuda Cablevision Ltd. a licence to broadcast cable TV across the Island, company president Mr. Gavin Wilson has confirmed.

The conditional approval would end Mr. Wilson's nine-year struggle to make Cablevision a reality in Bermuda.

Mr. Wilson said Government officials had told him they would issue his company a licence after new cable television regulations were passed by Parliament.

The first step in that approval was completed on Wednesday when the Senate passed the regulations. They are set to go before the House of Assembly today.

One possible reason for Government's willingness to support Cablevision is the company's new partnership with MacDonald Group Inc., a Birmingham-based company committed to assisting in the construction and financing of the Cablevision network.

That arrangement was made following Cablevision's failed share issue last year. The company fell way short of its target raising only $400,000 of its $1.2 million target.

Mr. Wilson described the MCI arrangement as a contingency plan the company fell back on in the wake of the share issue.

He estimated it would cost about $5.5 million to bring cable TV to Island homes. His plan would offer subscribers a two-tier service: one system of 12 channels, the second with ten to 15 channels.

Cablevision's new licence would have to wait for a 30-day statutory period following legislative approval of the cable TV regulations. The company's plans have already received approval from the Bermuda Monetary Authority.

/9274
CSO: 5540/109

SATELLITE NETWORK CONSTRUCTION ANNOUNCED

PY112107 La Paz PRESENCIA in Spanish 4 Jun 87 p 1

[Text] The National Telecommunications Enterprise (ENTEL) in 1989 will install a satellite communications system that will cover the entire eastern Bolivian region.

The Departments of La Paz, Pando, and Beni will be included in the DOMSAT domestic satellite program, which will be part of the INTELSAT system.

The master ground station, which will be located in Villa Salome, will connect the network with the main network that includes the relay stations of Cobija, Reyes, Riberalta, Santa Ana de Yacuma, and Magdalena. Smaller relay stations will provide the linking with smaller towns in the departments.

The network will cost between $8,000,000 and $9,000,000, which will be paid to Scientific Atlanta, a U.S. company.

Communications Under Secretary Eugenio Von Boeck has told PRESENCIA that the cost of the original project was $22 million.

However, since several countries, particularly African countries, have communication problems, INTELSAT called for bids to provide satellite channels for Africa and for three Latin American countries.

The bidding, the winner of which was Scientific Atlanta, allowed for a considerable reduction of the price that the country will have to pay for the project.

The official explained that the infrastructure work will be done by the Army engineering command. He said that in Pando the towers will have to be over 100 meters high because of the tall trees in the jungle.

He said that in four weeks the government will sign the decree authorizing the implementation of the project, the studies for which are over.

Von Boeck added that the construction of a microwave network between Santa Cruz and Puerto Suarez will begin soon. It is estimated that this project, which will cost $6.3 million, will be concluded in two years.

/12913
CSO: 5500/2042

## BRIEFS

TELECOMMUNICATIONS AID--(ANSA)--Rome, 5 Jun--The Ecuadorean Telecommunications Institute (IETEL) will receive close to 10 million dollars in aid from Italy to modernize its telecommunications network, including the installation of digital transmission systems. The financial accord was signed here yesterday at the Foreign Ministry by Ecuadorean Minister Rafael Garcia and Italy's Ambassador to Ecuador, Francesco Capecce. This is the first credit Italy has given to Ecuador this year in the field of technical-financial cooperation between the two nations. The accord calls for the Italian GET company to expand communication networks between various Ecuadorean cities and to replace antiquated systems in other parts of that nation, over a 24-month period. [Text] [Rome ANSA in English 1043 GMT 5 Jun 87 AU] /9738

CSO: 5500/2044

GOVERNMENT, UK FIRM SIGN TELECOMMUNICATIONS ACCORD

FL201923 Bridgetown CANA in English 1705 GMT 19 May 87

[Text] Kingston, Jamaica, May 19, CANA -- The Jamaican Government and the British firm Cable and Wireless have signed an agreement for partnership in a new holding company that will own the Jamaica Telephone Company (JTC) and the external telecommunications firm JAMINTEL.

Cable and Wireless is converting its 49 percent share in JAMINTEL (Jamaica International Telecommunications Ltd) to equity in Telecommunications of Jamaica Limited and paying the Jamaican Government another US20 million dollars for a 20 percent share in the new company.

The agreement was signed in Kingston yesterday by the Jamaican Prime Minister and Minister of Finance, Edward Seaga, and Cable and Wireless chief executive officer for the region, Tom Chellew. Cable and Wireless operated Jamaica's external telecommunications system until JAMINTEL was established in 1971 with a 51 percent government shareholding. The government also owns about 95 percent of the shares in the telephone company.

The government has said that in due course, all existing shareholders in the telephone company will be offered an opportunity to exchange them for shares in the new holding company.

Seaga said that JAMINTEL and the telephone company would continue to operate as separate entities and that the holding company would make administration on a sectoral basis much easier. It would also allow for easier financing for the expansion of the telecommunications network here, he said.

Chellew said that Cable and Wireless, privatized by the Margaret Thatcher government, welcomed the agreement. There was need for change in the system, he said, and this agreement laid the foundation for it to take place in an orderly fashion.

Telecommunications Jamaica will be among the largest companies here. In 1984/85 JAMINTEL had a turnover of just under J100 million dollars (one J dollar -- 18 U.S. cents) and net profit of J33.9 million dollars. The telephone company in 1984 had a turn-over of J182.48 million dollars and a net profit of J43.6 million dollars.

Recent rate increases for overseas telephone calls should push up revenues for both companies. Under the rate-sharing arrangement, the telephone company gets 60 percent of the cost of an overseas call and JAMINTEL 40 percent.

/9274
CSO: 5540/110

DATA-PROCESSING INDUSTRY SEES THREAT FROM NEIGHBOR STATES

Kingston THE SUNDAY GLEANER in English 31 May 87 p 1

[Article by Dorette Saunders]

[Text] The Jamaican information processing industry faces fierce competition from the Dominican Republic and Barbados, both of which are experiencing rapid growth in their data processing industries.

One of the main reasons for their boom is the presence of the United States conglomorate, American Airlines, which has located its subsidiary, Caribbean Data Services, in Bridgetown, Barbados, and is moving into the Dominican Republic.

The Bridgetown plant is outfitted with the latest data entry and communications equipment and employs more than 400 operators working three shifts daily.

Meanwhile, America is still flexing its muscles. The giant corporation will not only have built facilities in Barbados and the Dominican Republic to key and sort data for its passengers, payrool, special offers and coupons, but it is now marketing these facilities to other users.

The airline is actively courting companies with information processing needs particularly in the publishing industry, offering to transport such work directly from the customer's place of business to American's facilities in the Caribbean using their own planes. Once keyed the data is transmitted via satellite or the airline takes it to the customer with no added cost for shipping.

## Serious threat

Freight charges account for a sizeable portion (up to 33%) of data entry costs. American's decision to eliminate freight charges and to establish a direct pick-up service from customer to facility poses a serious threat to Jamaica's industry.

The high cost and the reported unreliability of freight into and out of Jamaica will probably prevent Jamaica from capitalizing on an extremely lucrative market.

It is time for the information industry to organize itself and take an active stance in lobbying the government for additional incentives, and seek meaningful concessions in freight rates from Air Jamaica.

At present this multifaceted industry is involved in batch processing, coupon sorting, CAD/CAM operations,litigation support and software development.

Prior to 1981, only one company was able to properly service the data needs of ever-expanding United States companies. Today that number has grown to 30, all acquiring varied levels of sophistication.

Additionally the local industry has gained considerable advantage in the marketplace based on competence, turn-around-time, high productivity levels of English-speaking Jamaican workers at extremely competitive rates.

As the newest industry to be promoted by the government, this sector is poised to take a giant leap into the future. Its bid for survival affects us all. Right now Air Jamaica has a meaningful role to play. It is a grave responsibility, but the time for Air Jamaica to straighten up and fly right, is now.

/9274
CSO: 5540/110

## GOVERNMENT ISSUES NEW RADIO POLICY, OPPOSITION OBJECTS

### Ministry Guidelines

FL091614 Bridgetown CANA in English 1721 GMT 8 May 87

[Article by Michael Findlay]

[Text] Kingstown, St Vincent, May 8, CANA -- New Information Minister Parnel Campbell announced new editorial and policy directives to bring the government-owned radio station into line. Campbell was a strong critic of Radio 705 during the campaign leading up his election to parliament last February, accusing it of trying to sabotage the government. Appointed to the cabinet just last week, Campbell, who is also Attorney General, moved swiftly to order the station not to edit government releases and how to handle "opposition propaganda."

In his first television address to the nation, Campbell said the directives were "in response to certain attitudes which had developed in the radio station, run by the National Broadcasting Corporation (NBC). The NBC, a statutory corporation, was set up last July after the station had been operated since its inception as a civil service department. Campbell said that the station had in the past claimed the right to edit releases from government ministers including the prime minister. He said, however, he had now instructed the station that government releases should not be edited without the specific and unambiguous content of the person or authority issuing the release.

Campbell added that government releases must be broadcast in their entirety unless an abridgement had been consented to by the person or authority issuing the release, but the station was empowered to correct typographical errors and errors of grammar, spelling and punctuation.

### Opposition Parties' Protest

FL161454 Bridgetown CANA in English 1343 GMT 16 May 87

[Text] Kingstown, St Vincent, May 16, CANA -- Three opposition parties have issued an unprecedented joint statement condemning directives on news reporting issued a week ago to the state-owned radio station by new minister of Information Parnell Campbell. On May 1 -- the day he took office -- Campbell issued a series of policy-directives, which virtually rules out editing of government releases and, among other things, empowers only the manager to decide what opposition material should be broadcast.

The parliamentary opposition St Vincent Labour Party, the United People's Movement (UPM) and the Movement for National Unity (MNU) said they were concerned about the highhanded interference by Campbell in the affairs of the National Broadcasting Corporation (NBC).

The parties regarded the directives as an attempt to intimidate the journalists at the radio station and to restrict their freedom to identify what was newsworthy.

The three parties said the measures would starve the general public of views and opinions that were contrary to those of the government and cast the stations manager in the role of a censor of all political news items that did not emanate from the government. The opposition parties viewed the situation as a very grave assault on freedom of the press in St Vincent and the Grenadines." [quotation mark as received]

They called on government to restore to the staff, the right to carry out their duties in a professional manner free from political harassment and intimidation, and demanded that the board of the NBC resist unwarranted ministerial inferference and reject attempts to belittle its role. The directives have also been condemned by the St Vincent and the Grenadines Human Rights Association.

Campbell, who is also attorney general, said the measures were designed to correct "certain attitudes" which had developed within the radio station. He had been highly critical of the station in the campaign leading up to his election to Parliament last February.

Campbell said the radio station was permitted to identify government releases with particulars of the person or authority from whom the releases emanated. He said the directives had allowed for some journalistic flexibility by the station by permitting the staff to write the headlines to government releases while ensuring that they did not distort or misplace the emphasis intended in the release. The directives also gave the manager of the radio station the power to decide on the prominence, position and frequency of broadcast but at the same time empowered the minister reserved the right to request repetition as deemed fit.

The directives also curtailed the coverage of news from opposition parties, especially those not represented in parliament and which enjoyed only minimal electoral support. Campbell said he had observed that opposition propaganda appeared to have enjoyed instant and unlimited access to the airwaves through the radio station, and expressed concern that most of the stations news reporters and editors seemed to feel that the station should operate as an opposition thoroughfare.

Campbell said while his ministry was committed to the furtherance of democracy in the country, it intended to ensure that unfair political advantage was not taken by those who would seek to cunningly exploit the democratic instincts of the government. He said he made it clear in the directives that the station must understand that there was only one official opposition party in the country -- the St Vincent Labour Party (SVLP), although it did mean that material from other opposition parties should be broadcast.

Campbell directed that all programme material concerning or sponsored by or emanating from political or quasi-political organisations shall not be broadcast without the sanction of the station's manager whose decision on any matter in dispute shall not be challenged by any subordinate member of staff. Campbell said in this regard the manager of the station must satisfy himself that the programme material of the opposition was genuinely newsworthy, that any person or authority subjected in the item to implied or expressed criticism be given ample opportunity to respond to such criticism so that the criticism and response be broadcast on the same occasion unless the circumstances render it impracticable and that in any event opposition releases should be within the laws of libel.

Radio 705 was also given guidelines on how to refer to individuals in news items. Campbell said that he and others had been trying for some time without success to persuade the radio station staff to use words such as Mr, Mrs, Miss, honourable, president, prime minister and the like when referring to persons, and that as a result he found it necessary to issue a policy directive to the effect. According to Campbell, one directive specified that under no circumstances should a woman's surname only be used. He said I think many people have been appalled over the years to hear women being referred to by their bare surnames...I have put a stop to that.

Campbell quoted a paragraph from one of the directives members of parliament shall be referred to as the honourable in the introduction section of a broadcast and thereafter as Mr or Mrs or Miss or Senator. For example an item about the leader of the opposition should begin thus leader of the opposition, The Honourable Vincent Beache has...thereafter he may be referred to as Mr Beache.

Similarly an item about the prime minister may begin Prime Minister The Right Honourable James F. Mitchell has...thereafter he may be referred to as Prime Minister Mitchell or Mr. Prime Minister or The Prime Minister or Mr. Mitchell, but never as plain Mitchell.

Another directive allows for free broadcast of the first 60 words of death announcements and stipulates that such announcements should be broadcast three times each week day, on Sundays and at additional times as the circumstaces required. [words indistinct] that the announcements must be without blemish and that the announcements must be immediately followed by advertisement or music or other programme material of a reasonably relaxing tone. Campbell said he regarded the directives as reasonable.

We have a responsibility to continue to run a very good radio service, but let us not spoil the radio service by either excessively anti-government bias or by basic disrespect for the living and for the dead.

Campbell said that attempts were being made to acquire a new transmitter for the station and to construct other facilities.

He promised to exercise his responsibility as minister of information quite fairly but firmly.

/9738
CSO: 5540/108

## CABINET FORMS TASK FORCE ON TELECOMMUNICATIONS

FL181726 Bridgetown CANA in English 1006 GMT 18 Jun 87

[Text] Port-of-Spain, Trinidad, June 18, CANA -- The Trinidad and Tobago Cabinet has set up a task force to look at establishment of a telecommunicatins authority which will be in charge of supervising and monitoring electronics broadcasting.

The authority would have the power to supervise and regulate the use of the country's airwaves with special emphasis on new technology including satellite-related. The authority, establishment of which was announced yesterday, will also be empowered to supervise and regulate all sound and visual broadcasting in Trinidad and Tobago. It is expected to be asked to look at proposals for the setting up of a second television station here. Cabinet decided it will be put in charge of the granting of all radio and television licences.

At present, there are two radio stations in the country and one television station which is about to lease out its second channel following mounting calls for a second station.

The new telecommunications task force has been given until July 31 to submit a draft white paper on a telecommunications authority. The task force includes business representatives, public sector communications experts, engineers and citizen band and telecommunications interest groups.

/8309
CSO: 5540/116

## BRIEFS

TV REORGANIZATION--Government cannot justify giving approval for a second television station to be established in the country--because State-owned Trinidad and Tobago Television (TTT) is operating at a loss. A Government statement said a number of organisations have been seeking permission to establish another TV station. It also feels that granting of a licence for a second television station should be considered in the context of a media policy to be developed. It was revealed that TTT operated at a profit up until 1983. The company started incurring losses in 1984 and has identified the introduction of Channels 9 and 14 as a major contributor to financial position. However, it was decided that TTT should lease Channels 9 and 14 to a private company, since there were no technical difficulties in such an arrangement. The tender rules of TTT must however be made to apply in granting such concessions, the Government statement added. As a result of Cabinet's approval, TTT will invite shortly applications for the leasing of Channels 9 and 14. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 15 Jun 87 p 3] /8309

CSO: 5540/116

ESPRIT R&D NETWORK EXPANDING

Luxembourg IES NEWS in English Apr 87 p 7

[Article by Alf Hansen of RUNIT, chairman of RARE Working Group 1: "The Pilot R&D Message Handling Service"]

[Text] Organisation and Topology

The RARE [Associated Networks for European Research] Working Group on MHS [Message Handling Services] (RARE WG1) is promoting usage of X-400 systems in R&D environments. National R&D-network projects have independently decided to go for X-400-based MHS systems. Very little extra coordination from the WG has made it possible to interconnect 14 European countries, in addition to Canada and Australia, into one pilot "global" MHS service for the R&D community.

The main activities in operating the pilot service are carried out at the national level. Common problem areas are discussed at the RARE WG1 meetings and by using distribution lists in the service itself. The small amount of necessary operational coordination needed to tie the national services together has so far been performed informally by RUNIT, the Computing Centre at the University of Trondheim, Norway. The WG has proposed a RARE MHS Project to handle this for the next two-year period.

Fig. 1 shows the countries and PRMD's (Private Management Domains) participating in the pilot R&D MHS service.

There are gateways available between the Pilot R&D MHS service and the most important existing non-X-400 networks: EARN [European Academic Research Network], BITNET, ARPA [Advanced Research Projects Agency], CSNET, the UNIX networks, etc., and there is work going on in order to increase the number of operational gateways and to make them available to all the users of the pilot service.

National pilot directory services are operational in some countries, and the intention is to build up a useful catalogue service for the users based on distributed data bases. Because of lack of existing standards in the field, the first versions will be ad-hoc solutions with a "message interface", e.g. the user sends a message-request to one of the data bases, and a generated answer will be returned automatically to the user.

The public X-25 network is used for all international traffic, and in most countries, X-25 services are used also for internal traffic.

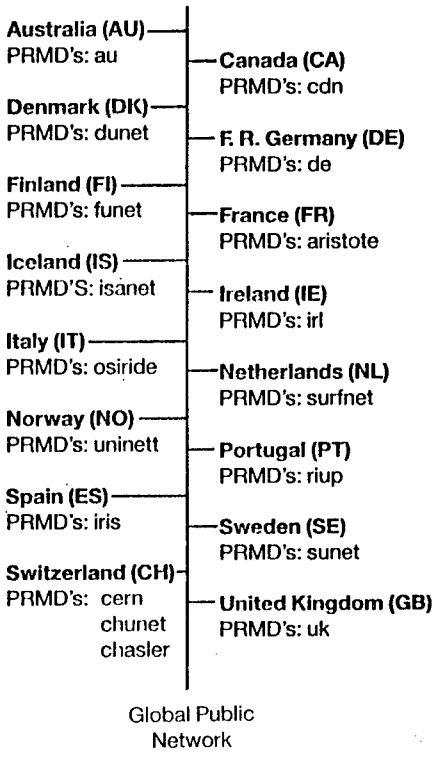
The X-400 implementations running in the operational service, are based on GIPSI (from INRIA [National Institute for Research on Data Processing and Automation], France) and EAN (from University of British Columbia, Vancouver, Canada). There are approximately 180 operational nodes in Europe running on a variety of computers and operating systems.

One of the latest (and important) nodes coming into service soon is EuroKom. Within a few weeks users of EuroKom will have use of an R&D MHS node in Ireland, and thereby enjoy an increase in the connectivity between R&D-colleagues throughout Europe.

Pilots Are Education

Indeed, running pilot services are important for the users. However, there are other aspects as well. The experience gained in RARE WG1 from running the Pilot R&D MHS service will be beneficial for the specification and implementation phase of COSINE [Cooperation for OSI Networking in Europe], and thereby contribute to the establishment of the open computer communication infrastructure.

Figure 1. Pilot R&D MHS Service: Current Countries and PRMD's




CSO: 5500/A042-E

EEC'S DG XIII SUPPORTED BY USERS' GROUP: CECUA

Luxembourg IES NEWS in English Apr 87 pp 11-12

[Article by Dr F.E. Taylor, CECUA President: "An Introduction to the Role of CECUA"]

[Text] 1. What Is CECUA?

CECUA, the Confederation of European Computer User Associations, is an independent body supported by, but operating independently from the European Commission. Its major aims are:

- to provide a forum for discussion of computing topics of mutual interest to European countries, and to establish a user consensus on such topics.

- to act as a consultative and advisory body to the Commission of European Communities--specifically to the Strategy Division headed by Christopher Wilkinson, which now forms part of DG XIII.

- to disseminate information back to constituent national user groups.

Constitutionally, CECUA is open to all European Community countries, and normally two representatives from each country attend the forum meetings which are held twice yearly.

The membership of CECUA varies from one Community country to another. The U.K. is represented by two officers of the National Computer Users' Forum--the collective U.K. body which links together twenty-four constituent member organisations ranging from the manufacturer-oriented user groups to the three major professional bodies active in computing: the BCS (British Computer Society), the IDPM (Institute of Data Processing Managers), and the IEE (Institute of Electrical Engineers). Other countries are represented by officials from differing bodies--for example, Denmark is represented by one representative from the Danish government's National Computing Centre and another from the Danish Employers' Federation. Germany has one representative from the leading professional body (the ADI), as also has Portugal.

Greece is represented by an employee of the Greek National Productivity Centre, who is the current Vice-President of CECUA.

The wide range of backgrounds and skills of CECUA members contributes a great deal to its work--and adds to the synergy or collective energy which can be applied by CECUA to any particular issue or problem.

2. What CECUA Does

CECUA's main role is to act as the user consultative arm of the European Commission. In this capacity it works in two ways as follows:

- in an active mode where it identifies matters which need to be considered--which can be purely technical matters, or, more usually matters involving financial/political/legal/technical elements in combination. It may simply raise a particular issue with the Commission, or it may recommend appropriate policies for consideration by the Commission officials.

- in response mode CECUA receives various inputs from the Commission, considers them, and responds verbally during the meetings with the Commission and/or via written submissions as appropriate.

In two specific areas, CECUA working groups have been invited by the Commission to carry out specific work in the form of CEC projects. They are as follows:

- the area of IT contacts, where a CECUA working group headed by Herr Tilo Steinbrink of Germany has considered the various supplier contracts in use within Europe, and with some emphasis on prior work in the U.K. has produced model conditions of contract for the procurement of hardware and basic systems software. This work is shortly to be extended to cover contracts for software products and for hardware maintenance. The results of this group's previous work in the area of hardware contracts has culminated in publication of the CECUA Model Conditions of Contract for Hardware Purchase, which have been harmonised so that they are suitable for use in all European Community countries.

- in the area of standards a great deal has been achieved by the CECUA Working Group on Standards headed by Mr. Gordon Cunningham of the United Kingdom. The WGS is concentrating especially on the establishment of an open-system environment. Recent topics addressed include:

- Selection of international base standards for ENVs
- 'Userview' report on user requirements from IT
- Standardisation of user access codes to IT services
- Functional standards
- Reaching a consensus on user priorities from IT.

The WGS is also lobbying to make good deficiencies in open systems implementations as seen from the user point of view. These currently include conformance certification, software quality and portability, and standard user interfaces and access codes.

CECUA also provides an open forum for exploration of matters of mutual

interest. Topics explored during recent meetings have included, but have not been restricted to, the following:

- the need for harmonisation in the implementation of integrated services digital networks, including the physical connectors.

- the need for harmonising value-added network legislation across Europe so that value-added network providers will be able to provide a user service across all Community countries.

- the pricing policies pursued by two or three significant vendors--which in some European countries are at variance with inflation and the reasons for this were explored.

- the possibility of acrediting a Trans-European Approval Certificate which would effectively provide an approval for certain tested and innovative products.

In the area of technology transfer back to its constituent bodies, CECUA works in differing ways, some of which are as follows:

- outputs from CECUA work often form the basis of national seminars--for example a seminar based on an exposition of the CECUA Model Conditions of Contract for Hardware Purchase held in Greece recently attracted more than 250 participants.

- elsewhere, topics and issues explored within CECUA are fed back to end users by the national bodies in differing ways--for example by issuing press releases on all matters of outstanding importance for publication by the national computer press, and additionally disseminating more detailed articles and features to its constituent user associations for inclusion in their house journals. Similar and differing technology transfer channels are used within each Community country.

Elsewhere, in association with the CEC officials participating in its work, CECUA contributes to other trans-European initiatives. CECUA representatives took part in the recent series of workshops aimed at seeking views on the proposed ESPRIT II Work Program. CECUA is also actively interested in the results of ESPRIT I Work Program, and in other newer initiatives such as the RACE telecommunications program, the COMETT education program, and the DELTA educational technology program.

Now that IT is emerging from standards for the manufacturer to standards for the user, the user voice is even more important. Technology and its products are recognised as the tools. CECUA members are determined to use them well through education, standardisation of common procedures, and by procurement. CECUA represents the greatest procurement power in Europe.

CSO: 5500/A042-E

EEC ISSUES GREEN PAPER ON TELECOMMUNICATIONS

Brussels EEC INFORMATION MEMO in English No P 44, Jun 87 pp 1-4

[Article: "A Europe-Wide Telecommunications Market--The European Commission's Green Paper on Telecommunications Opens the Debate"; EC Document COM 290]

[Text] Worldwide, the so-called "telematics revolution"--generated by linking both telecommunications and electronics--implies a fundamental change of attitude of telecommunications administrations which are generally organised on a monopoly basis. In Europe, this process coincides, in time, with the overall goal, set at the very Community level, to achieve a wide integrated European internal market until 1992.

This ambitious goal would be seriously put in jeopardy, dangerous market fragmentations would not be avoided , if prior to legislative decisions, Member States were not willing to coordinate and concretely tune their action. More particularly, a very broad consensus is needed on the orientations, the scope and the various deadlines of measures to be taken by the Community itself.

The Green Paper on Telecommunications which the European Commission just approved serves the purpose of bringing about such a consensus. After an initial policy discussion this October, the Commission will rapidly produce a number of more formal proposals before the end of this year.

The Information Technology Revolution

The convergence between telecommunications and computing is revolutionising the industrial and socio-economic scene in Europe at an ever-increasing pace.

The Information Technology revolution has been brought about by the spectacular developments in the areas of:

- microelectronics (chips)

- digitisation (the introduction of "computer language" into standard telecommunications functions such as switching and transmission)

- new transmission techniques (optical fibres, satellites).

The combination of these phenomena has created an unprecedented momentum in which telecommunications, computing and television are closely bound up.

The Challenges

The very real technological revolution brought about by these developments already represents a world wide market of more than 500,000 million ECU (50 billion ECU) [as published].

By the turn of the century up to 7% of the Community's GDP will depend on the telecommunications sector compared with just over 2% at present. By the year 2000 about 60% of jobs in the Community will be affected by telecommunications through information technology. In Europe, big industrial companies for example, the demand for data communication capacity is growing at around 20 to 40% a year. Over the next 20 years experts believe that total public and private investment in the Community's telecommunications sector could be somewhere between 500 and 1,000 billion ECU.

World revenue from telecommunications services in 1985 amounted to some 300 billion ECU, 62.5 billion of which went to public and private undertakings in this sector in the Community. In 1986, the world market for telecommunications equipment was close to 90 billion ECU, accounting for some 17.5 billion with the Community market.

Faced with this world challenge on which the future competitiveness of the European economy will obviously depend, the European Community must take action on two aspects: the scale of the market and its future organization.

The Scale

No single Community country accounts for more than 6% of the world telecommunications market today whereas the United States has a 35% share and Japan 11%. Taken as a whole however, the Community telecommunications market comes mid-way between its American and Japanese competitors with 20% of the world market. The Community needs competitive market structures. A few comparative figures for the United States, the European Community and Japan clearly demonstrate that the potential of a truly European market is far from fully exploited.

During the first half of the 1980s, the average per capita purchase of telecommunications equipment was USD 32 in the Community compared to USD 46 in Japan and USD 80 in the United States.

Obviously, the new technological environment resulting from the convergence of computing and telecommunications is blurring frontiers within the Community in the same way as it is blurring traditional boundaries between different Information Technology in full services.

Organization

The Technological Revolution is bringing about the collision of two different regulated sectors: telecommunications, which has traditionally been dominated by state monopolies; and computing which, by contrast, has developed in a competitive environment, although dominated by powerful multinational companies.

Programme Modification of National Monopolies

Telecommunications took 140 years--from the invention of the telegraph in 1847--to develop from a single service into some dozen services by the early eighties. In a single decade up to the year 2000 there will be an explosive growth in services and applications in Europe.

In a telecommunications environment based mainly on traditional "tools"--the telephone, telegraph and telex--Europe could get by with the coexistence of national monopolies. The growing Information Technology revolution is breaking new ground: leaving aside any ideological discussion, if this new world challenge is to be taken up as it should, Europe cannot leave it to the existing national monopolies to organise everything: regulations, supplies, operation and pricing. The current framework cannot satisfy the legitimate expectations of consumers and European industry.

Europe and the US and Japanese Approach

No country and no company can escape these developments. Our US and Japanese competitors have reacted according to their own perception of the situation.

In both the United States and Japan, the telecommunications sector has been re-regulated to improve its performance and competitiveness and also to protect it more efficiently. Europe, with its different history, culture and economic and technological characteristics, must also readjust its telecommunications structure in the light of its own specific characteristics.

In the Community countries, too, a debate is under way which heralds radical changes in the regulation of the telecommunications sector and the status of network operators--whether public or private. In some Community countries, telecommunications structures have already been substantially modified. At both European and international level, a reconfiguration of industrial alliances is also taking place.

Faced with these developments the European Commission in its Green Paper proposes not "free-for-all" market opening but a progressive transition towards a competitive market which first of all should give European manufacturers a continental base from which they can fight the coming Information Technology battle on equal terms with their US and Japanese competitors.

Secondly, users must be allowed to develop or use the numerous new services that will be generated by the coming together of computing and telecommunications at the lowest possible cost.

The Main Lines Proposed by the Green Paper

The debate initiated by the European Commission is open not only to governments but also to the European Parliament, the Economic and Social Committee, public and private telecommunications administrations and carriers, the European telecommunications computing and service industries, users and trade unions.

The main lines of action proposed are as follows:

- phase complete opening of the terminal equipment market to competition;

- substantial opening of the telecommunications services market to competition with the exception, at this stage, of a limited number of basic services considered essential to satisfy current public service goals;

- the right to cross-frontier provision of services in the Community;

- continuation of exclusive or special rights for the telecommunications administrations (public or private carriers) regarding provision and operation of the network infrastructure, and recognition of the central role of telecommunications administrations (public or private carriers) in the establishment of future generations of infrastructures;

- clear separation of the regulatory and operational functions of public or private undertakings managing networks;

- opening-up of the market in satellite ground stations in so far as such equipment should be assimilated with telecommunications terminals rather than infrastructure;

- recognition of the fact that telecommunications tariffs should follow cost trends;

- development of a consensus by both sides of industry to smooth the transitions and take maximum advantage of the development of networks and services to create new jobs;

- fastening of economic development and reduction of the isolation of the outlying regions of the Community through telecommunications;

- establishment of common positions in the various international bodies (GATT, ITU, etc);

- finally, as regards standardization, the Commission recommends the creation of a European Standards Institute: a small core team bringing together experts from public and private network operators and experts seconded by the industry would substantially accelerate the elaboration of the standards and technical specifications indispensable for an open and competitive market environment and the development of "made in Europe" Information Technology services.

CSO: 5500/A048-E

# EC PLANS FOR INTEGRATED INFORMATION SYSTEM OUTLINED

Bonn TECHNOLOGIE NACHRICHTEN-MANAGEMENT INFORMATIONEN in German No 453, 10 Apr 87 pp 11-12

[Report: "Pilot Projects for Modern Information Technologies"]

[Excerpt] Twenty-five technicians and officials are currently working in Brussels and Luxembourg on INSIS (Inter-Institutional Service-Integrated Information System), which is using the administrative apparatus of the European Community as a guinea pig. Electronic mail, videotext, and video conferences are supposed to be combined and used as the basis for a model information company in miniature. During the last three years the project has cost a total of just DM40 million. In the meantime three components of the INSIS program have been developed: INSEM, OVIDE and VIDEO-CONFERENCE.

INSEM's task is to cut down on the mountain of paperwork through electronic text transfer. This effort is associated with the desire to cut time and cost requirements.

OVIDE is designed to cover the information needs of the European Parliamentarians by making access to Community data bases easier via an international videotext system. OVIDE is supposed to be compatible with the national systems PRESTEL and TELETEL BILDSCHIRMTEXT [Teletel videotext], which makes it the first public, Community-wide videotext system.

Finally, since the beginning of last year teleconferences have already been held between the studios in Brussels and Luxembourg. Until now the experimental facilities have been utilized up to 50 percent of capacity.

These programs are also available to the member states. For instance, the UK permanent delegation uses the line every Monday to contact various ministries in London.

Since the end of last year this pilot facility for video conferences has been capable of connecting several locations in the Community together, offering them simultaneous interpretation services.

13127
CSO:5500/M272

## SEL: 'SECOND PILLAR' OF EUROPEAN TELECOMMUNICATIONS ALLIANCE

Duesseldorf HANDELSBLATT in German 12 May 87 p 19

[Text] "After years of very difficult and costly restructuring," the Standard Elektrik Lorenz Corporation (SEL AG) has now reached an earnings power that can also be sustained in the years to come.

This is how Dr Helmuth Lohr, SEL chairman of the board, assesses the company's position at the beginning of its cooperation with its new partner Alcatel under the leadership of its new major stockholder, the French Compagnie Generale d'Electricite (CGE), Paris.

He considers SEL, whose corporate strategy in recent years had emphasized top-quality technical performance, to be--besides France's Alcatel--the "second large pillar" of the "largest European alliance in telecommunications technology," which grew out of the merger of ITT's and CGE's telecommunications sectors. As the second largest firm in this alliance, SEL will "assume a major role and have a decisive say in Alcatel's future," the annual report states.

According to the report, the position of the SEL Group in the telecommunications sector was strenghtened in 1986 by the continued success of its "System 12" digital switching system. In entertainment electronics, it continued its "innovation strategy on the basis of digitization" and achieved above-average growth rates in some areas of building-block manufacturing such as auto loudspeakers and engines.

Above all, its thrust to restructure and modernize its production processes and to make the necessary adjustments in its personnel and cost structure has continued, Lohr told journalists in Esslingen. As a result, earnings have shown significant improvement in 1986--and as Lohr expected--and reached a sustainable level (see table).

In 1986, the company spent again some 11 percent of sales on R&D, according to Lohr, and beyond that, large amounts went for retraining workers for dealing with the changed nature of their work and tasks. In some instances, the restructuring of production has led to a reduction of total employment.

The firm's modernization of R&D and production is in line with its emphasis on producing new advanced products. Computer-aided design and computer-aided manufacturing go hand in hand with product digitization. The lion's share of investments in 1986, which--at DM234 million for the group--did not quite reach the figure for the preceding year (DM250 million), was spent on R&D and the production of new advanced products, said Lohr. In 1987, such investments will constitute 4.5 percent of sales. With total sales of the group expected to reach

DM5.5 billion in 1987 (DM5.2 billion in 1986), that would again be in the neighborhood of DM250 million. The group's labor force is to be cut by another

SEL Group/SEL AG

| Million DMs | 1985 | 1986 |
|---|---|---|
| Sales by Group | 5049 | 5275 |
| Change %n % | + 12.4 | + 4.5 |
| Share of Exports in % | 28.4 | 28.7 |
| Sales by AG | 4597 | 4823 |
| Receipt of Orders by Group | 5512 | 5517 |
| Orders on Hand | 3272 | 3514 |
| Number of Employees of Group at Yearend | 33385 | 32496 |
| Total Expenditures of Group | 5293 | 5382 |
| of Which Spent (in %) on | | |
| Labor | 38.5 | 39.9 |
| Materials | 44.2 | 42.9 |
| Gross Cash Flow by AG[1]) | 315.85 | 364 |
| in % of Sales | 6.8 | 7.5 |
| Yield per Share DM[2]) | 15.31 | 18.62 |
| Dividend per Share in DM | | |
| Outside Shareholders | 10.50 | 10.50 |
| Market Price, Highest/Lowest | 372/313 | 482/283 |
| Total Investments by AG | 223 | 250 |
| Capital Goods Investments by AG | 210 | 204 |
| in % of Sales | 4.6 | 4.3 |
| Share of Self-financing in %[3]) | 91 | 94 |
| Stockholders' Equity | 638 | 659 |
| of Which Capital Stock | 384 | 384 |
| Total Assets | 2513 | 2508 |
| Share of Stockholders' Equity in % | 25.4 | 26.3 |
| Degree of Indebtedness[4]) | 3.4 | 3.0 |

Footnotes:
[1]) Annual net income + income, profit and property tax + depreciation + contributions to pension fund +/- contingencies;
[2]) According to administration data;
[3]) Gross cash flow ./. income, profit and property tax and dividends, in % of total investments;
[3]) Adjusted for foreign-exchange fluctuations;
[4]) Ratio of total indebtedness to gross cash flow.

700 to about 31,800. It is true that the first quarter of 1987 showed signs of weakening tendencies--largely caused by the downward trend in the dollar exchange rate, according to Lohr says--and that this caused a 1.7 percent decline in the SEL Group sales compared with the same period last year. Receipt of orders dropped by 12.5 percent. However, orders continued to be higher than sales, and the large backlog of orders as well the acceptance of SEL products this demonstrates, justify an optimistic view of the future.

The reason for SEL's change from its alliance with ITT to the new Alcatel Group is to streamline the SEL organization. The operational areas are to be made into "effective, flexible entrepreneurial units." Hence, SEL will change from a functional to a divisional structure. The four operational areas, namely, telecommunications, office communications, entertainment electronics and building elements under the direction of Dr Gerhard Zeidler, Werner Brendel, Dr Ludwig Orth and--new--Dr H. Lindner, will be directly responsible for their respective R&D and production.

It is noteworthy that the strong increase in profits occurred in 1986, in spite of the probability that two of its production sectors suffered losses in the wake of intense international competition and a slump in market prices. Although operating results have improved in office communications, the report says, they "have moved towards the break-even point," as it was indicated in response to a question. It is possible that office communications has not affected total revenue to the same extent as during the preceding business year.

In entertainment electronics, earnings evidently declined. In contrast to earlier periods when Chairman Orth used to emphasize that this sector in SEL, unlike in the competition, was operating in the black, the question about profits or losses gets merely an evasive answer in 1986. Detailed reports on developments in both areas were published by HANDELSBLATT on 27 February and 19 March.

SEL's annual profits are listed as DM94.7 million (DM76.8 million). Like last year, DM15.0 million will be put in reserves. A 21 percent dividend will again be distributed on the DM54 million stock capital outside shareholders own. The major stockholder (in 1986, it was still ITT) will also receive a 21 percent dividend on his approximately DM330 million shareholdings (as against 15 percent in 1985). The annual meeting will take place on 3 July.

Lohr continues to believe that the "inadequately capitalized" SED is in need of a capital increase and he expects that such a measure will be taken in the foreseeable future. However, so long as the privatization of SEL will be handled by international stock exchanges, a capital increase for SEL is inopportune, he said.

7821
CSO: 5500/2520

DEVELOPMENT OF FRG'S R&D NETWORK EXPLAINED

Luxembourg IES NEWS in English Apr 87 p 8

[Article: "Migration of the German EARN Section to Deutsches Forschungsnetz (DFN)"]

[Text] The DFN [German Research Network]-association was founded in 1983/1984. At the same time EARN [European Academic Research Network] was set up by IBM together with potential users in several institutions from the academic community. These and IBM also had the aim to establish DFN. For that reason EARN should not be understood as a competitive network. The EARN network is based on an old, but working, technology so that EARN was helpful in bridging the time until DFN-OSI [Open Systems Interconnection] services were available.

As the scientific community is open to all, it needs open communication services based on international standards. That was the reason why IBM and the institutions, which used EARN in the past, stated at the very beginning their intention to migrate from EARN to DFN services as soon as the OSI software would be available for their machines.

A joint committee of the 2 organisations has now presented concrete proposals for the "how" to enable functionally equivalent DFN services to replace those provided by EARN. Studies by the committee found that File Transfer, Remote Job Entry and Message Handling services of DFN (which served for the exchange of data sets, working on remote computers and interchange of messages and text) are functionally equivalent to the corresponding services currently available on EARN.

Migration of these EARN services to DFN will commence in the second half of 1987 as soon as the DFN communications software for VM and MVS operating systems will be available. DFN software for all other major operating systems except NOS-VE [Network Operating System] is already available. When the migration has been completed there will thus be only one German research network available to scientists and technologists in Germany.

In its deliberations, the committee naturally paid due attention also to communication costs. These studies showed that the principle adopted by DFN of not operating its own physical network with leased lines was the correct one. However care should be exercised to select the most economical service

offered by the German PTT in the light of the volume of data to be transmitted. Thus for high volume traffic, leased lines will continue to be used between certain locations. A remaining problem is the high level of licence fees for IBM basic communication software products which will be required for introducing DFN services to IBM installations.

The costs for a gateway and its operation between DFN and EARN Europe as well as BITNET (USA), the committee recommended, be met through a basic fee with additional usage dependent charges.

In further developments at DFN, independent of the EARN migration, work has proceeded on address changes in the message handling service in the light of implementation of EAN. (Footnote)(EAN is an X-400-like electronic mail messaging system provided by University of British Columbia, Canada) The "DFN" tag has been altered to "DBP.DE" so that there is conformity with terminology of the X-400 standardisation. Here DE is the country code, which is part of the administrative domain name (DBP). This adjustment, made during February, became necessary since other X-400 mail-systems will become operational in the Deutsche Bundespost (German PTT) and others (manufacturers). This change will also facilitate the distribution of new revised versions of EAN.

Furthermore GMD [Mathematic and Data Processing Association] Birlinghove has started to operate a DFN name server (a type of telephone directory for electronic mail users) for the message service. The mail name of this is: nameserver (AT) gusl.gmd.dbp.de. EAN users can, if they wish, be included in this directory and can also enquire for other user addresses, provided these are registered.

Based on information supplied by DFN. For more detailed information see "DFN Mitteilungen", Heft 7, March 1987, DFN Verein, Pariserstr. 44, D-1000 Berlin 15.

CSO: 5500/A043-E

## BMFT TELECOMMUNICATIONS SUBSIDY POLICY CRITICIZED

Bonn TECHNOLOGIE NACHRICHTEN-MANAGEMENT INFORMATIONEN in German No 453, 10 Apr 87 p 5

[Report: "Criticism of BMFT Support for Computer Engineering"]

[Excerpt] The companies associated with the ZVEI Trade Association for Computer and Communications Engineering (FV I+K) have not expressed approval of the new "Framework Concept for for the Expansion of Communications Engineering" issued by the Federal Minister for Research and Technology. The chairman of the FV I+K trade committee, Dr. Rainer Pausch, characterized as purely "quantitative" BMFT's proposed measures for doubling research capacity in the institutional area by the mid 90's in comparison to the present 1,700 researchers active in the field. According to Pausch, it is much more important to increase the efficiency of existing research capacities in both commercial and governmental sectors. Already existing facilities in special research areas should be expanded with this in mind so that well-established scientists can obtain considerably improved chances for development. Support for prominent university institutes will also further their willingness to cooperate with industrial companies and thus ensure the industrial relevance of research results.

Pausch emphasized that research policies in the area of computer science must be placed on a broader basis. Competition, efficiency, and industrial relevancy must be improved. Among other things, this requires that university graduates be absorbed into industrial research as rapidly as possible.

13127
CSO: 3698/M270

NOKIA SPOKESMAN: ERICSSON TAKEOVER OF CGCT POSES NO THREAT

Helsinki HUFVUDSTADSBLADET in Swedish 29 Apr 87 p 14

[Article by Mosse Wallen]

[Text] "We at Nokia do not feel we have been overrun. Our cooperation with Matra of France involves manufacturing telephones and Swedish Ericsson's cooperation involves building base exchanges, among other things."

These remarks were made by Nokia information director Matti Saarinen.

Last September Nokia-Mobira signed a joint venture contract with the French electronics giant, Matra. The project calls for the company to set up a factory in France for the production of mobile telephones.

"The Matra-Nokia Radiomobiles joint venture gets its know-how from Nokia and its market expertise from Matra," said Saarinen.

Matra-Nokia Radiomobiles will manufacture telephones for the new French mobile telephone system, Radiocom 2000.

But last week Matra and Swedish Ericsson announced cooperation plans. Ericsson became Matra's partner when the French telephone exchange company, CGCT, was sold.

Ericsson won in heavy bidding and now owns 20 percent of CGCT. Matra owns 49.9 percent and the rest is owned by a holding company in which Indosuez Bank is the biggest owner. Ericsson owns 20 percent of the holding company. This increases Ericsson's share of CGCT to 26 percent.

CGCT is outdated and has big debts but it has 16 percent of the French market.

Ericsson plans to put in its AXE exchange system to increase volume and make the company healthy. Under the Ericsson-Matra cooperation mobile phone equipment for the next generation, e.g. Radiocom 2000 and others, will be developed, produced and marketed. Matti Saarinen of Nokia said he was not worried and that Nokia will not be passed over or knocked out.

"It is our understanding that the CGCT deal involves infrastructure production, such as base exchanges, etc. But Nokia-Matra will make the equipment."

6578
CSO: 5500/2513

## BRIEFS

FRENCH OPTICAL CABLE PLAN--Four years after its inception, the French cable TV and visual communications network plan (Plan Cable) is coming under fire, as industrialists question the likely benefits of a project aimed primarily at respurning the growth of the French optoelectronics industry, and examine the market outlook for products involved in planned network development to target date 1990. Experts have advanced two hypotheses: a "realistic" scenario, whereby the percentage of optical-to-coaxial cables for the network would be 15/85, i.e. the figure currently advocated by the French telecommunications agency DGT (Direction Generale des Telecommunications); and a more "voluntaristic" approach, calling for a 50/50 % breakdown, which is closer to initial plan objectives. In both cases, orders for optical connectors would total 200,000 to 300,000, which experts agree is too little to ensure industry takeoff or spark the hoped-for cost decrease. According to the same experts, and based on investment requirements for the two scenarios, the DGT's annual budget for videocommunications equipment, which amounts to 3 billion francs, should, under the "realistic" scheme, enable hookup of over 1 million users by 1990; but could not ensure more than 700,000 user connections under the second scenario, which may also involve financing problems. [Text] [Paris FTS--FRENCH TECHNOLOGY SURVEY in English Mar 87 p 4]

CSO: 5500/A037-E

STET APPROVES 'TELIT' HOLDING COMPANY WITH FIAT

Rome LA REPUBBLICA in Italian 8 May 87 p 41

[Article by Giovanni Scipioni: "A Sound STET Gives Approval to TELIT: The New Company Should be Operational in a Few Months." The first paragraph is LA REPUBBLICA introduction.]

[Text] Graziosi announces record-breaking profits. The telecommunications holding company will be set up according to the terms provided for in the original plan: 48 percent ITALTEL, 48 percent TELETTRA (FIAT), and the remaining 4 percent Mediobanca. There remains, however, one final crucial obstacle to its complete realization: managerial trimming.

Rome--the green light for TELIT. Yesterday the new holding company, which will be started by FIAT and STET [Telephone Finance Corporation] assets, obtained a first important approval from the executive committee of the IRI holding company. The managing director himself, Giuliano Graziosi, briefed the board. TELIT will be set up according to the terms of the original plan: 48 percent ITALTEL (STET-IRI), 48 percent TELETTRA (FIAT), and the remaining 4 percent Mediobanca. It is the first milestone for the new company. Now only the IRI's official guarantee is needed. The board of directors will probably meet within the next week. It is likely that the TELIT case will be dealt with but currently it seems quite doubtful that at that meeting the top-level management which will head the new telecommunications company for the next few years will be decided upon. It seems that more time is needed, given the conflict which is going on among the parties. However, the executives of the Institute on Via Veneto will have the final word.

After Prodi's approval it will return to Minister Darida for a new formal acceptance. The signature of the director of the Ministry of State Shareholdings will facilitate progress in all subsequent statutory proceedings and capital transactions.

The Turning Point

TELIT should be operational within 2 to 3 months, thus ending a long, tormented affair which has filled the financial pages of newspapers for over a year. The decisive turning point came last Wednesday following telephone conversations among Darida, Prodi, and Graziosi and the meeting with FIAT's

managing director, Cesare Romiti. According to the initial plan to create TELIT, ITALTEL, a public company heavily involved with switching, and TELETTRA, a private company well-founded in transmission, would merge to create an industrial group capable of competing with the giants that are organizing abroad.

Union reactions are not lacking. Antimo Mucci, the secretary of UILM, previously announced a protest action to underscore the lack of consultation and information provided to the unions "in contempt of the IRI protocol provisions." CGIL [Italian General Confederation of Labor] and FIOM [Federation of Those Employed in Metallurgical Industries] have issued a joint memorandum in which they state that the incorporation of TELIT amounts to a de facto denationalization of ITALTEL and that this decision is even more alarming and incomprehensible when compared to the actual trends in IRI industrial policy." On the other hand, Fausto Tortora, national secretary of the FIM-CISL, described as "positive, the launch of TELIT which STET has finally formalized."

STET approval of TELIT has come at a particularly good time for the IRI Holding Company. Its accounts have shown a net improvement and yesterday's disclosure of budget figures presented the most significant confirmation. The holding company's profits have jumped to 414.2 billion lire in 1986 (up 24 percent as compared with the preceding year) and the consolidated net profits amounted to 678 billion with a 33 percent increase as compared with 1985. These profits examined yesterday by the board of directors will allow a proposal to be made to the shareholders' assembly scheduled for June 16 and at a second session on June 30 for the distribution of a dividend of 180 lire on ordinary shares (160 lire in 1985) and 220 lire on savings shares (200 lire in 1985).

An Increase in Remuneration

The increase in remuneration is equal to 9 percent of the face value for ordinary shares and 11 percent on savings shares. Additionally, the allotment to bonus shares payable on January 1, 1986, which took place during the past year must also be taken into consideration. But STET's sound condition goes behond this. Its consolidated cash flow has reached 4,261 billion with an increase of 906 billion as compared to 1985. This yields a coverage of 82 percent of the investments that with 5,199 billion lire has reached a historic high.

The launch of TELIT was not the only initiative discussed yesterday by the STET board. In fact, the SEAT incorporation was described as "an operation that assures positive effects on assets, finances, and income." The agreement recently reached with Thomson CSF for a microelectronic component company involving the government-controlled SGS together with Thomson Semiconducteurs was also mentioned: "It brings together an industrial, commercial, and research presence of European preeminence and world importance." In addition the board emphasized SIRTI initiatives with Honeywell in integrated systems for buildings and with Olivetti for local networks and noted the partnership of Optimes with Philips and Dupont for the manufacture of compact discs in L'Aquila and of Eikon with Olivetti and Microsoft for software development, also in the area of compact discs.
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CSO: 5600/2508

## BRIEFS

LUXEMBOURG RADIO PLANS DIGITAL BROADCASTING--Frankfurt, 10 Jun--The private broadcasting company Radio Tele Luxembourg (RTL) does not want to content itself with partial utilization of the TV-SAT broadcasting satellite, as envisaged in the laender's broadcasting state treaty for the transmission of radio broadcasting programs. Director-General Grass has requested more time and a different technical capacity for digital radio broadcasting programs. Grass said: "Luxembourg Radio considers digital radio broadcasting an essential technical achievement in the media, allowing us to offer listeners high quality new programs." He added that the station supports all efforts of the federal post and the antenna industry to lease a transponder with 16 channels on the French TDF 1 broadcasting satellite. According to Grass, RTL will make its resources available for that purpose. [Text] [Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 Jun 87 p 2 DW] /12624

CSO: 5500/2525

ERICSSON GAINS ENTRY TO EUROPEAN MARKETS WITH CGCT DEAL

Duesseldorf HANDELSBLATT in German 18 May 87 p 30

[Article by Udo Rettberg: "Great Coup Scored With CGCT Participation"]

[Text] Bjorn Svedberg, for many years chairman of the board and president of Ericsson, the Swedish technology firm active in the areas of telecommunications and data processing, has recently drawn attention to himself by a coup of a special kind. In the struggle for the heretofore state-owned French Compagnie Generale de Construction Telephonique (CGCT), Svedberg had the luckier hand after all in comparison with the competition: Siemens and AT&T/Phillips.

The government in Paris accepted Ericsson's offer to permit it to assume 20 percent of CGCT's capital stock. With that, the telephone giant from the Far North has created an outstanding starting point for itself for further growth.

In a discussion with the HANDELSBLATT, John Meurling, vice president of the Swedish telecommunications giant, severely criticizes the Federal Republic's isolating itself in the area of public communications, the state monopoly. "Incomprehensibly, in the otherwise so liberal Federal Republic monopolistic market structures still exist in this area," says Meurling. He calls upon the Federal Republic to follow the example of the United States and Great Britain and orient the market more towards the private sector and also enable foreign enterprises to gain access to it.

The companies which have up to now been active worldwide in the area of telecommunications might get competition in the coming years from the penetration of other technology firms (IBM, Digital Equipment) into telecommunications which may become more lucrative, as well as from new vendors from Far Eastern countries. None of the enterprises active in the area of communications is making, in the public communications subarea, the money necessary for further expansion, since the margins are very low in view of the stiff competition.

To be able to compete in the future as well, an enterprise must lay out considerable money in advance, especially in the electronic communications areas, by doing targeted research and development work. In many areas Ericsson is a leader in research. An expansion of the business is still expected in the field of AXE system digital telephone exchanges. The biggest

markets for them at present are Sweden with 1.6 million subscribers, Australia with 1.3 million subscribers and Korea with 1.1 million. Meurling also sees big opportunities for his enterprise in the coming years in the area of transportable, mobile telephones.

The Nordic Mobile Telephone Network (NMT), in which Ericsson cooperated in an important role, has today already more than 310,000 mobile telephone subscribers in Denmark, Finland, Norway and Sweden. "And the demand continues to increase vigorously," says Meurling. Ericsson has already been able to sign a number of important contracts for setting up similar mobile telephone systems in other regions of the word--Meurling cites Europe, North America, Australia and New Zealand, as well as the Middle East and the Far East.

The strong export-dependency of the enterprise becomes evident upon glancing at the development of the Ericsson firm's business in 1986. The dollar's sharp drop has also left its traces behind in Ericsson's balance sheet. Its consolidated sales declined slightly--by 3 percent--to 31.64 billion Swedish kronor. The incoming orders, which declined by 3 percent to 32.794 billion Swedish kronor, also showed a downward trend. The consolidated operating yield before reserve transfers and taxes, on the other hand, rose appreciably from 878 million Swedish kronor to 911 million Swedish kronor. As late as 1983 Ericsson had earned 1.758 billion Swedish kronor. The enterprise lists the net profit after deducted taxes as 14.96 Swedish kronor (previous year: 12.62 Swedish kronor) per share.

Ericsson management is also attributing the reduced order receipts to the weak investment tendency in the foreign markets of the Middle East, Southeast Asia and Latin America, which have been traditionally important for the firm. Increasing investments in the area of telecommunications and data processing in the European countries has not been able to entirely make up for these losses.

"We are nonetheless continuing to concentrate on the U.S. telecommunications market above all," they say in the enterprise's headquarters outside the gates of Stockholm. "Increased investments will become necessary in the near future in the United States," says Meurling. No specific figures on the development of the business in the first 4 and 1/2 months of this year could be obtained. The general meeting, which will be held tomorrow--Tuesday--in Stockholm, may provide more detailed information on this.

That the management is, for all that, optimistic that it will be able to resume the profit volumes of former days, is also expressed in John Meurling's statement: "Now as before, I regard Ericsson stock to be undervalued."

The stock, which is primarily in the hands of institutional investors--the Wallenberg empire is one of Ericsson's major stockholders--is traded on a total of eight stock markets in the world (among which are Frankfurt, Duesseldorf and Hamburg).

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CSO: 5500/2509

ERICSSON CEO SVEDBERG DISCUSSES CGCT TAKEOVER

Stockholm SVENSKA DAGBLADET in Swedish 6 May 87 p 33

[Interview with Bjorn Svedberg, chief executive officer of the Ericsson concern, by Lennart Moberg and Willy Silberstein; date and place not given]

[Text] "Ericsson's profits should go up from 900 million kronor in 1986 to 2.5 billion kronor. We will do this in a couple of years. But this is based on the assumption that Information Systems can show a positive operating result already this year."

These remarks were made by Bjorn Svedberg, Ericsson's president and executive director. SVENSKA DAGBLADET met with him to talk about the difficult years, the purchase of CGCT and the future.

A few weeks ago the French government gave Ericsson the green light to purchase part of the French telephone company, CGCT. The transaction was concluded after fierce competition from AT&T of the United States and Siemens of West Germany.

The purchase gives Ericsson access to 16 percent of the French market.

[Question] Does the acquisition involve a turning point for Ericsson after the difficult years in the mid-1980's?

[Answer] I would not call it a turning point. We were already starting to show better results even before the acquisition. But our profits are still too low, we must work extremely hard to reach our goal. But the purchase does confirm our position.

[Question] Does CGCT give Ericsson more prestige than money?

[Answer] Owning it gives us both; in the long run one does not win any prestige without making money. Thanks to CGCT we will have a bigger market for the AXE system. Our volume can be larger. That is what is important.

In addition the transaction gives the organization a boost, it is a vitamin injection in a tight economic situation. That can be noticed both externally and internally, people come up to me at the airport and offer their

congratulations. Perhaps people will also be more apt to think of Ericsson in future business discussions.

[Question] Has the American threat been warded off now that AT&T has failed to gain an entry to the French market via CGCT?

[Answer] No, our American competitors will make other deals in Europe. But it is clear that they would have strengthened their position if they had been able to buy CGCT.

[Question] Why was 1985 such a bad year for Ericsson?

[Answer] I am tired of analyzing that. It would not be fair to old colleagues. But one could ask what Bjorn Svedberg did wrong. The background is very simple. We did not have enough experience in the area of information systems, we were intoxicated by the swift pace and spent money in a rapid expansion that did not work.

[Question] Some people have said that Ericsson is a technical success and an economic fiasco. Is that an accurate description?

[Answer] We have certainly not been sufficiently observant of the economy and figures. But now we have learned a great deal and we are stronger economically. I do not like talking about technical success, it has had just as much to do with success in marketing.

[Question] What have you learned from the bad years?

[Answer] We have learned to concentrate on the areas we know best. I also have management groups that are much better equipped than the old ones.

[Question] Ericsson Information Systems has been a major problem. The personal computer venture in the United States cost an incredible amount of money. When will EIS show a profit?

[Answer] It should show a positive operating result as early as this year. (Bjorn Svedberg spoke these words very deliberately.)

[Question] Today there are 15 major telephone companies in the world. Branch experts say that this number will be reduced considerably within a few years, leaving Siemens, Philips-AT&T, Alcatel, Northern Telecom and NEC. Will Ericsson be a sixth independent company?

[Answer] Yes.

[Question] But shouldn't you consider a merger at this time when development costs are enormous and products have such a short life?

[Answer] We have examined this question carefully and concluded that a merger would not be profitable for us. We do not want to hurt our base

products by merging with someone else. But we are seeking cooperation on basic technology. This applies for example to the development work on mobile telephones with Siemens and Matra and on banking systems with Digital Equipment.

[Question] Will more of Ericsson's production be transferred to the United States?

[Answer] It is quite likely that we will start producing the AXE in the United States. We already have some product development there and this will probably increase.

[Question] ITT sank a billion in the American market. After that it gave up. How can you dare to continue with the U.S. venture?

[Answer] We have a product we have a lot of faith in. Looking back we also know that ITT was interested in selling its telecommunications enterprise even then. People with plans like that are probably not firmly committed to an effort in the United States.

[Question] When do you think Ericsson's trial orders from the United States will be followed up by commercial orders?

[Answer] Recently we got an order for around 100 million kronor and it actually came sooner than we expected. Otherwise big volume orders have been slow in coming. We are so firmly convinced that our trial installations will work that we are counting on bigger orders next year.

[Question] Is the newly-formed giant Alcatel a threat to Ericsson?

[Answer] Our technology is better. Alcatel will also have trouble coordinating two systems in the initial phase. But we have great respect for a competitor with 44 percent of the European telephone exchange market.

[Question] A few years ago you complained about quality in the Swedish business sector in an interview with SVENSKA DAGBLADET. Do you still hold the same opinion today?

[Answer] I am through talking about quality in other companies. But at Ericsson we have high-quality products even if it also costs a lot of money to develop them. I am striving for the Japanese zero erro method. It involves a cleaner flow, what I hand over must be correct. We still have many improvements to make with regard to internal quality, but we have accomplished a great deal, for example as far as delivery accuracy is concerned.

[Question] Ericsson has been accused of paying bribes in South America. You deny it, but is that an attempt to conceal the fact that bribes are needed to get business in some countries?

[Answer] Bear in mind that the bribery accusations in Latin America have been dropped. We obey the regulations in individual countries.

[Question] Do you deny that bribes occur?

[Answer] I do not know of any. We follow the OECD rules for world trade.

[Question] You receive orders from large parts of the world. Is there a geographic area that is inadequately covered?

[Answer] We are working a lot with the United States. We would like to see more activity in the oil-producing countries and in China. We are not currently involved in West Germany, where Siemens dominates, but we will see if an opening there can be found in the 1990's.

[Question] You will soon be selected as an alternate to the board of the Swedish Employers' Confederation [SAF]. Will that be a new direction for you?

[Answer] No, I will concentrate on the battlefield that the telecommunications branch represents. But we employ so many people in Sweden that we must make ourselves heard. We must help to get wage costs that companies can tolerate.

[Question] When things were going most poorly for Ericsson, your role was widely discussed. People said you should be replaced. How did that feel?

[Answer] Obviously I heard some firm words from the board of directors and the chairman. I can understand that some people doubted that Bjorn Svedberg could handle this job. Being reprimanded was a new experience.

We tackled the problems and then it was irritating that I continued to get so much abuse in the mass media. But I can understand it, we simply did not have good economic results.

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CSO: 5500/2513

## ERICSSON SEEKING PARTNERS

Paris L'USINE NOUVELLE in French 5 Mar 87 p 30

[Article by Jean-Pierre Jolivet: "Ericcson in Search of Connections"; first paragraph is L'USINE NOUVELLE introduction]

[Text] Alone, the Swedish group cannot long sustain the development efforts required by the market. It is ready to seize any opportunity to find allies.

Ericsson has to find partners in the telecommunications field. Its president, Bjoern Svedberg, is convinced of this fact and is developing his European offensive. France, Spain, and Italy remain his main targets, although he is not forgetting the American market.

Since ITT's telecommunications activities were taken over by CGE [General Electricity Company], the Swedish company's alliance strategy has become even more urgent. Despite its strong position on the world market in public switching--3 million digital lines sold in 1986 and orders for 6.2 million more put it in fourth place behind AT&T, Alcatel NV, and Northern Telecom--it is falling behind the three leaders.

Moreover, Ericsson faces a basic problem: Given its limited domestic market, the group must export. Sales abroad represent 80 percent of its total sales (31.7 billion kronor in 1986). But for 2 years now, exports in the world public switching market have been stagnating. This is reflected in a 2.5-percent drop in the group's sales.

At the same time, development of the new generation telephone exchange is proving very expensive, exceeding $1 billion. Alone, it will be difficult for Ericsson to carry this financial burden.

Forced to come out of its isolation, the Swedish group has chosen to be pragmatic. "We will seize all opportunities," Bjoern Svedberg recently explained, "since exporting has always been Ericsson's calling. We are also continuing to invest in the adaptation of AXE software to the national markets."

He finds market deregulation and the restructuring of the world's telecommunications industry encouraging. Four billion kronor in reserve should help him. But time is short.

At present, southern Europe is the main target. In the general upheaval after ITT Europe's takeover by CGE, and faced with Siemen's isolationism, Ericsson is looking to the small companies. In Italy, where it already controls 17 percent of the market through its Fatme subsidiary, it proposes to take part in the formation of Telit, a joint subsidiary of Italtel and Telletra which is currently being formed. In exchange for this cooperation, Ericsson would make 5 percent of its capital available to Telit.

Last December Ericsson made the same offer to Telefonica after the latter had refused to participate in the ITT Europe takeover, offering to buy 49 percent of Intelsa, a subsidiary of the Spanish company. In France, Ericsson has not lost all hope of taking over CGCT [General Company for Telephone Engineering], which would open 16 percent of the French market to it.

In its offensive, the Swedish group has several advantages. With almost 17 million AXE lines installed or on order in 64 countries, it is a master of digital technology. Moreover, it is the only European group besides Siemens to have successfully established a foothold in the American market. US West, South Western Bell, Nymex [as published] placed orders with them in 1986.

In the mobile phone field Ericsson is one of the leaders, close behind the American Motorola company, with 30 percent of the world market (and even 60 percent outside of the United States). The group's management hopes to gain from this situation in its negotiations, at a time when the European PTT monopolies are crumbling.

Although telephone exchanges are its main concern, Ericsson does not forget that Europe is a vital market for its telecommunications and office automation activities. Indeed, this is the sector which, in the years to come, will experience the highest growth rate.

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CSO: 5500/A035

ITALIAN IRI, FIAT FORM GIANT TELIT FIRM

Duesseldorf HANDELSBLATT in German 12 May 87 p 15

[Unattributed article: "New Italian Communications Colossus Emerging"]

[Text] Milan, 11 May--After 1 and 1/2 years of preliminary discussions on the formation of a new communications firm to be founded on a parity-basis by the largest Italian state-owned business group IRI and the largest Italian privately-owned enterprise FIAT, the administration of the IRI's subholding company STET, responsible for electronics, has finally approved the founding of such a company.

The minister of state participation, Clelio Darida, had already consented (see HANDELSBLATT of 8 May). A new, joint company is foreseen in which the IRI and FIAT groups participate at 48 percent each, while 4 percent of the shares are to be deposited at the Mediobanca in Milan, the industrial financing bank which is primarily state-owned but with FIAT participation.

The new Telit Company will create a stronger position for Italy in the field of communications. Italtel (an IRI group) and Telettra (FIAT) together can expect a turnover of DM2.5 to DM3 billion with annual sales increases of 12 to 15 percent.

Italtel and Telettra Are Counting on a Growing Armaments Business

Both are figuring on above-average increases in military business. At present, Italtel has an order cushion for military orders of 150 billion lire (over DM200 million), and Telettra, which presently achieves 8 percent of its yearly sales of 560 billion lire (DM780 million) with military orders, figures on turnover increases in this area of 40 to 50 percent annually. Italtel realized 1.315 trillion lire (DM1.8 billion) in sales last year. Military trade accounted for less than DM60 million.

The founding of Telit will presumably lead to new movement among the groupings of manufacturers of communications hardware and facilities. Telettra and Italtel have contacts with Ericsson, Plessey, Siemens, Northern Telecom and AT&T. Since the new structure should rationalize production and create conditions for a better presence of the Italians on the world market, in Rome and Milan they are anticipating that the two new allies will attract cooperation partners from the groups which have been cited or from others.

Now leading the market in Europe following the takeover of ITT's communications department, is the French firm Alcatel, which is, moreover, second on the world market. Alcatel is represented by Face in Italy. Second is Siemens, with a market share in Europe which is estimated by the Italians at 11 percent. Third is Ericsson, which in Italy controls Fatme. After that come the English firms Plessey and GEC. Presumably the new Italian grouping can go into operation within 4 months. There is still a question as to who will become leader of the new group. As a capable manager, Marisa Bellisario, the present boss of Italtel, would come under consideration but she is a Socialist and the management of IRI is Christian Democrat.

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CSO: 5500/2509

ERICSSON-CGCT COLLABORATION, PRODUCTION OUTLINED

Stockholm NY TEKNIK in Swedish 22 Apr 87 p 6

[Article by Miki Agerberg]

[Text] Paris--It was the outsider, Ericsson of Sweden, that won the struggle to enter the French telecommunications market. The first French AXE exchanges will be delivered as early as next year.

"With all the political pressure, it was a relief for the French government to be able to make a decision on the basis of technical and economic considerations," said Erik Belfrage, commercial counsellor at the Swedish Embassy in Paris.

Last Thursday the news finally came from the French government--the news that ended the prolonged battle over which of the foreign telephone giants would be allowed to enter the French telephone exchange market.

At first, it was "perfectly clear" that it would be the American firm AT&T, the largest telecommunications company in the world.

During the past 6 months, the battle has been between AT&T and the West German company Siemens. In the end, the French government selected an outsider:Ericsson.

Formally, the deal means that the state-owned company CGCT, which supplies the French telecommunications service DGT with 16 percent of its telephone exchanges, will be privatized and purchased by a group consisting of Ericsson, the French military materiel firm Matra, and two other French companies. The purchase sum is 500 million francs (approximately the same number of kronor), of which Ericsson will pay 130 million.

In real terms, it means that CGCT will stop producing exchanges on license from the French firm Alcatel (which covers the rest of the French market) and it will begin manufacturing Swedish AXE exchanges that are adapted to French specifications. In this way, France will acquire new technical expertise and create competition among firms that supply equipment to DGT.

The price was set by the French government. The battle was to be decided by determining which company had the best technology and who could offer French industry the best service in return.

Until recently, the battle was between AT&T, which had the support of DGT, the industry minister, and the telecommunications minister, and Siemens, which was supported by the Finance Ministry and Foreign Ministry in the name of European cooperation.

Important Factor

What was it that finally tipped the scale in favor of Ericsson? "One important factor was a change in the opinion of workers at the telecommunications service, DGT," commercial counsellor Erik Belfrage of the Swedish Embassy in Paris said. "Technicians at the telecommunications service finally decided that, for the short term, the AXE exchange was a better product than the AT&T exchange. The AXE can be adapted to the French system more quickly and less expensively."

"The other important factor was the agreement between Ericsson and Matra for the joint development of digital mobile telephones for the European market."

This agreement, which was made public the week before the government's decision, means the France can benefit from Ericsson's recognized expertise in this field.

Erik Belfrage also believes that Sweden's neutral position contributed to the outcome. In the face of heavy pressure from the United States and West Germany, France wanted to show that it could make a decision on its own.

Bitter Defeat

French commentators also mention another factor. Just a few weeks ago, the powerful head of Matra Jean-Luc Lagardere suffered a bitter defeat when TV channel one was sold to his biggest competitor. The government did not want to go against him again, it is said.

"Initially, France will produce AXE exchanges to handle 300,000 lines per year. In addition, Ericsson will transfer much of its development work to France."

French telecommunications engineers are among the best in the world-- and there are plenty of them, according to Erik Belfrage.

On the other hand, it could be difficult for Ericsson in the short term to turn around a company that has operated at a loss for many years.

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CSO: 5500/2511

AGENCY HALTS EXPANSION OF MOBILE PHONE NET DUE TO OVERLOAD

Stockholm DAGENS NYHETER in Swedish 11 May 87 p 12

[Article by Lars Ramklint]

[Text] The Telecommunications Agency has started to set quotas to slow sales of the nationwide mobile telephone system in the Stockholm area. Starting 1 April no more than 400 new customers per month are being added to the NMT 450 system. But there is no waiting period for the new NMT 900 system.

The quotas were introduced because the system is so overloaded, especially in the Stockholm area, that customers have complained about the difficulty of getting through.

This in turn is because demand for the mobile telephones has exceeded all expectations. The Telecommunications Agency had estimated that there would be 45,000 customers in 1990. But already today there are close to 130,000.

And now the Telecommunications Agency estimates that there could be 450,000 mobile telephones by 1991.

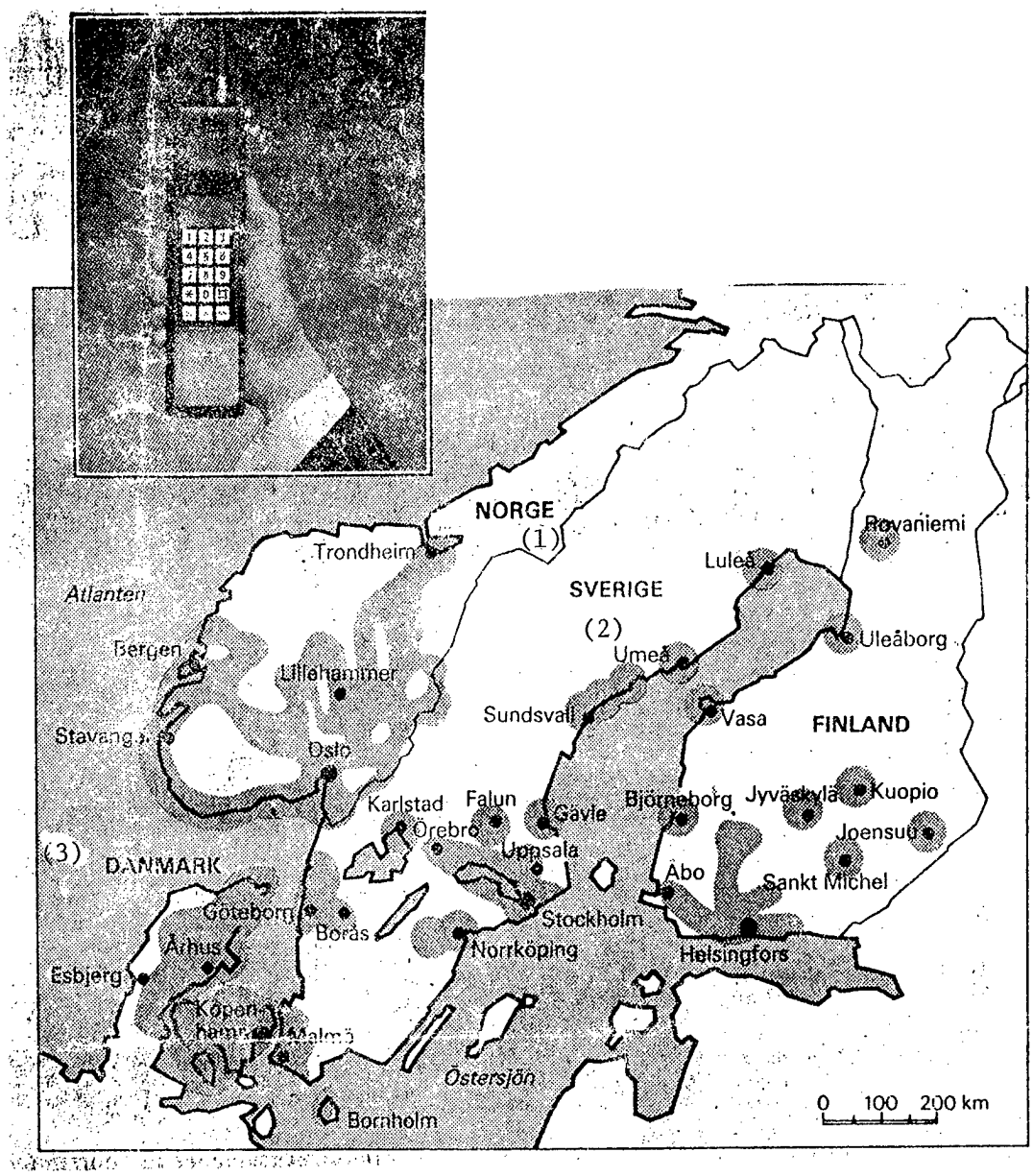
"We greatly misjudged the demand," conceded Bo Magnusson, chief of the Telecommunications Agency's land mobile radio division.

The 450 system cannot handle the traffic volume that has arisen. There are not enough frequencies to cope with the traffic. The capacity is limited to the 180 channels in the system.

The problem has been eased somewhat in the Stockholm area by expanding the transmitter network so that the number of customers per channel has been reduced from 60 at the worst point in 1985 to half that number today.

Preventive

The quota system in the Stockholm area is being implemented now as a preventive measure so that the number of subscribers does not reach the absolute limit within a few years, according to Bo Magnusson.




Areas Where the New Mobile Telephones Can Be Used

Radio coverage for mobile telephones, which is the same as it is for pocket telephones, was expanded for the most part during the period from November 1986 to February 1987.

Key:

1. Norway
2. Sweden
3. Denmark

The Telecommunications Agency's main effort to meet the demand involved accelerating the new NMT 900 system which has a much larger capacity. It has 1,000 channels and went into operation in Sweden on 1 December 1986. It now has around 1,200 subscribers.

The availability of this alternative made it possible for the Telecommunications Agency to limit new 450 customers.

Thus Sweden will have two parallel systems, which might seem impractical.

"It is not a disadvantage for customers that the expansion led to two different systems," said Bo Magnusson. "The systems will exist and function side by side. If someone has a local operation the 900 system is the obvious choice. It has certain properties that are better than those of the 450 system, such as speech quality and the small size of the telephone. The subscription fee has been set a little lower for the 900 system than it is for the 450."

One disadvantage at this time, however, is that it takes longer to make a call on the 900 system because it has to scan 1,000 channels to find a vacant frequency. This problem will be corrected.

The disadvantage of the NMT 900 system for the Telecommunications Agency is that the radio waves have a shorter range than the NMT 450 and therefore it requires 2 1/2 times more radio stations to cover the same area. Thus expansion is more expensive and this means that NMT 900 will not cover the entire country. The Telecommunications Agency is putting the emphasis on the big urban areas which are linked together along the highway network.

And two mobile telephone systems will not be enough for Sweden. In the early 1990's the 900 system will also reach the limit of its capacity. The Telecommunications Agency hopes that by then the coordinated European mobile telephone system that is currently being planned by 15 telecommunications authorities will be ready for use.

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## BRIEFS

NOKIA MOBILE PHONE SUCCESSES--Munich--In the past year the Nokia Group realized sales of 12 billion Finnish markkas (about DM5 billion), 9 percent more than in 1985. Profits rose by 22 percent to 675 million Finnish markkas. Foreign business, with 7 billion Finnish markkas, reached 60 percent of world sales. Nokia invested about 600 million Finnish markkas in research, development and training. Its most important fields is electronics, with 5.2 billion Finnish markkas (plus 15 percent) sales. Included in the above are Nokia Information Systems, Salora-Luxor and Telecommunications--above all, however, Nokia Mobira, which according to its own statements, is the leading manufacturer of mobile radiotelephones for Europe, North America and the Far East and has achieved a market share of 50 percent. The area of rubber and floor coverings realized sales of 1.3 billion Finnish markkas, 28 percent more than in the previous year. In comparison with that, the areas of cable and machinery, and paper finishing and chemistry, could not repeat last year's results. The group anticipates an increase in turnover of 15 percent for the current year. [Text] [Duesseldor HANDELSBLATT in German 8-9 May 87 p 20] 13238/12951

SIEMENS-ERICSSON MOBILE PHONES--Stockholm--Siemens AG and Ericsson Radio Systems, a subsidiary of L.M. Ericsson AB, Stockholm, want to jointly develop a mobile radio system with which the future mobile radio networks in Europe are to be constructed in the early 1990's. The cooperation of the two enterprises also has the goal of supporting European communications administrations in the formulation of an efficient standard, according to Siemens. The Association of European Postal and Communications Administrations (CEPT) is working in the GSM (Special Mobile Group) on the standardization of a European system which is to be ready in 1990-91. The new mobile radio system will be distinguished above all by small and affordable mobile hand radios, networks for very large numbers of subscribers, voice security and economical service support to even rural areas, as well as the use of the international ISDN [Integrated Services Digital Network] standard. [Text] [Landsberg PRODUCTION in German 19 Feb 87 p 15] 13238/12951

NEW COMMUNICATIONS EQUIPMENT SUBSIDIARY--(TT)--The Telecommunications Agency's industrial division, Teli, which was shaken by union border disputes last winter, has now been registered as Teli AB. Teli AB is a wholly-owned subsidiary of Teleinvest AB. Teli manufactures and markets telephones, business switchboards and AXE exchanges. Svenska Teli AB is in turn a subsidiary of Teli AB. Svenska Teli has factories in Nynashamn, Sundsvall and Vanersborg and an engineering plant in Stockholm. The Teli concern now employs around 4,500 people and has a turnover of 3 billion kronor. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 3 May 87 p 12] 6578

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